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DCI BRIEFING PAPER

EAST-WEST TRADE

- I. There are two points which are basic to any comment on the proposed East-West Trade Act.
  - A. The first is that the proposed legislation does not itself open up trade--it only provides a legal framework within which short-term trade agreements can subsequently be negotiated.
  - B. The second is that under the proposed Act, the U.S. would retain the same controls that it now has over particular export items of a critical or strategic nature.
- II. Starting with that background, I would like to point out that present legislation controlling trade with the Communists is not doing serious damage to Communist power.
  - A. In most cases, if the Soviets cannot buy a particular item from us, they will attempt to buy it from other Free World industrial nations, or produce it themselves at the expense of the Soviet civilian economy.

1. The controls are in some degree a political liability, because they afford the Bloc an opportunity to drive a wedge between us and our allies.
2. It is even possible that an expansion of trade would put a greater strain on Soviet resource allocations than the continuation of tight controls. Trade is a two-way street. In order to buy from us, the Communist countries are going to have to assign resources to the production of commodities we are willing to buy.
3. As far as credit is concerned, the Soviet Union is not likely to be offered extensive credit by U.S. sources. In any event, the major wheat purchases of recent years have put the Soviet Union in a position where it apparently does not wish to undertake much more debt at the present time.

III. I should also want to make a distinction between the Soviet Union and the East European countries.

A. There may be some advantage insofar as actual trade negotiations are concerned, in negotiating with individual East European countries

first, and the Soviet Union later.

1. There are some East European nations which are eager for increased trade with the United States.
2. Trade agreements might give us some marginal leverage in dealing with those countries.
3. The negotiations could conceivably open up minor but promising divisions within the Bloc.
4. We would be offering the East Europeans an alternative to a trade policy completely oriented toward Moscow.

B. I do not want to exaggerate any hope for major political leverage. The leverage, as I said, would be marginal in dealing with the satellites, and probably non-existent in trading with the Soviet Union.

1. Soviet trade with Western Europe is more substantial than Soviet-US trade is likely to be, but the Soviets have not offered the West European nations any political concessions in return.
2. Our political differences with the U.S.S.R. concern issues which are more vital to

the Soviets than any of the commodities we are likely to offer for sale.

3. In any event, the timing of any moves in the trade field should avoid the impression that we are acting from weakness, or offering concessions to buy a cooperative response in some other matter.

IV. To sum up, it is our analysis that the proposed East-West Trade Act carries neither the major dangers foreseen by some of its critics, nor the rewards promised by some of the advocates. It is, in effect, enabling legislation. It creates flexibility in the use of a tool which may come in handy at some future time.

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THE STATE OF THE COLD WAR

I. This question about the status of Soviet-American relations, and the outlook for the future, goes to the heart of our foreign policy problems, and it is by no means a new question.

A. I don't know whether it is because of the capacity for optimism in the American character, or because of the efficacy of Communist propaganda, but the issue has been raised recurrently for more than a generation.

1. It didn't just start in 1945, when the Russians, who had joined in the effort to defeat Fascism, joined the Free World in the United Nations.

2. Back in the thirties, when the Soviets changed their government titles from Commissar to Minister, and began working daylight hours instead of in the middle of the night, there were those who argued that the former Bolsheviks had renounced their conspiratorial ways, and were going to cooperate to make the League of Nations work.

- B. The question is so important, and so persistent, that I think it is worth a few minutes to analyze not only the question, but the possible answers.
- II. The hopes of 1945--which were strong enough to be the basis for a third party movement in this country--died as we watched Communism forced on the people of Eastern Europe, civil war in Greece, the Berlin blockade, and the Korean War.
- A. Then Stalin died, and in 1955 there were new hopes, because of the Austrian Peace Treaty and the Geneva summit meeting.
1. This time we were disillusioned by the events in Hungary.
- B. In 1959, the Khrushchev visit to this country and the "Spirit of Camp David" again gave rise to optimism.
1. But the pressure on Berlin was intensified, and in 1962 Khrushchev tried to make an offensive missile base out of Cuba.
- C. The present belief that we may be at a possible turning point in our relations with Russia dates from the nuclear test ban treaty of 1963.
1. It has been given a boost by the Sino-Soviet dispute, and the arguments advanced by General De Gaulle. These points are made:

--First, in comparison to the Russia of the twenties and thirties, the U.S.S.R. today is no longer a "have-not" nation. It is no longer willing, as Communist China might be, to risk a general war on the theory that Communism will have greater appeal to a world which is in ruins.

--Second, China with its huge population and its new weapons is such a threat to the Soviet Union, that Moscow must want to move closer to the West.

--and Third, the new leaders in Moscow are more pragmatic than Stalin, more realistic than Khrushchev, and are therefore perhaps willing to subordinate dogma and ideology to the dictates of national security and prosperity.

2. There are those who argue that a real détente in Soviet-American relations began in the aftermath of the Cuban confrontation--a détente which was aborted by the war in Vietnam. Their conclusion is that the Soviets want to see the war in Vietnam ended so that they can get on with the détente.

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III. All this makes a fairly strong case superficially, but the people who looked for a new day in Soviet-American relations were wrong in 1945, and wrong in 1955, and wrong in 1959. I believe they are just as wrong today. Their theories are not compatible with what the Soviet Union is doing--or even with what the Communist Party of the Soviet Union is saying.

A. The U.S.S.R. is providing large quantities of military equipment and material support to North Vietnam.

1. Russia has given no serious indication of any willingness to use its influence in Hanoi to end the fighting.
2. Where I sit, the inevitable conclusion is that the Soviet leaders are delighted to see the United States bogged down in Southeast Asia without the risk of direct Soviet involvement.
3. And meanwhile, Soviet propaganda and diplomacy all over the world is concentrating on making the United States the villain in the Vietnamese war.

B. In Europe, Soviet diplomacy is taking advantage of discord and confusion over NATO, and over

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how much of a threat there is today from Russia, to work for a so-called European security conference.

1. The object would be to reach an over-all European settlement, and a solution of the German question, without the participation of the United States.
  2. This would be a direct threat to our interests in Europe, and would advance the Soviet goal of separating us from our allies.
- C. In the underdeveloped countries, the Soviets are continuing, and in fact intensifying, their effort to supplant Western and particularly American influence. This doesn't apply universally. In some countries it is true the Soviets have relaxed somewhat their efforts as compared to a few years ago. But the case of the Middle East and South Asia is instructive.
1. Compare the relative influence of the West and of the Soviet Union today in these areas with what it was 10 and 15 years ago.
  2. We are aware of the sudden setbacks, as in Egypt over the Aswan Dam.
  3. It is easier to overlook the gradual but persistent erosion--Kosygin on a friendship visit in Turkey; Iran buying Soviet weapons; Soviet warships calling in

Algerian ports; Soviet surface-to-air  
missiles defending Indian cities.

- D. I am not willing to dismiss this as "peaceful competition" in helping the poorer countries of the world. It has been proposed that aid to the underdeveloped countries should be a joint responsibility of the advanced nations of both East and West --that the aid would be more effective under cooperation than in competition.
1. The standard Soviet rebuff is that Western aid serves only "imperialist" purposes.
- E. We have two limited agreements--on nuclear testing and on space--which do not involve controls. But years of negotiation have evoked no serious response from the Soviet Union on proposals to control the arms race.
- F. I am in a position to assure you that the world-wide espionage and subversion activities of the K.G.B. are continuing on their normal scale.
- G. On this record, it is difficult to argue that the Soviets think the Cold War has ended.
- IV. Let's turn for a moment from what the Soviets are doing, to what they are saying. Not only are they

conducting a continuing struggle against the West, but they still say so, if you read the right statements.

A. The premature claims that the Cold War is dead are based on what the Soviets may say in U.N. speeches or in international propaganda, not on the more serious program statements of the Communist Party of the Soviet Union.

1. These are so long-winded, so full of Communist jargon and slogans, that very few people other than scholars and government analysts wade through them.

B. The message, however, is unmistakable. It boils down to this:

C. "World history is now in the period of transition from capitalism to socialism. The struggle is particularly acute at present in the less developed countries, where the people's masses are waging a revolutionary struggle for national liberation from imperialist domination. The Soviet Union and its allies are bound by revolutionary solidarity to help these progressive forces all over the world.

- D. "As this struggle progresses, the non-aligned nations will be drawn increasingly into the socialist camp, and the world position of imperialism will be more and more constricted. The military power of the socialist camp, and the pressure of the masses in all countries, must restrain the imperialists from resorting to nuclear war."
- E. This is the Soviet Communist Party rationale for so-called "peaceful co-existence." In translation, and in brief, it says:  
"The world Communist movement will encourage and help any insurgent movements in the Free World which wish to overthrow their governments and establish Communism. In any showdown, the Soviet Union must have the military power to deter military intervention by the major Free World powers to redress the situation."
- F. To me, this makes it clear that the Soviets regard protracted struggle as normal, and indeed, inevitable. They do not look to a basic settlement which would end the Cold War. They want to avoid general war, but "peaceful co-existence" means the continuation of the

struggle by other means--political warfare, subversion, coup, or insurgency.

1. Relaxation of pressure, or a temporary détente, are tactics in this continuing struggle.
2. They serve to contain risks, permit withdrawal from dangerous situations, cover weakness on the Communist side, or sow confusion and dissension on ours.
3. But they do not alter long-range objectives.

G. The Communists dote on the word "peace,"--we should be aware that in fact their definition of "peace" seems to be limited to "the absence of general thermonuclear war."

V. My analysis is that Soviet policy has not changed, not that it can not change.

A. There have, in fact, been significant changes within the Soviet society in the years since Stalin's death.

1. The harsh system of terror has been largely dismantled, and the material conditions of the Soviet people have been relatively improved.
2. Such improvements will undoubtedly generate pressure for more of the same.

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3. It is conceivable that in time there could be a meaningful liberalization of the internal society, which could gradually change the character of the regime, and its attitude toward the outside world.

B. So far, however, the Kremlin has given the people benefits at the most--not rights. The dictatorship of the party remains complete. Any moderating change internally has had no discernible effect on the external policies of the regime.

VI. As I understand our policy toward the Soviet Union, we have always tried to leave the door open for compromise and accommodation.

A. For one thing, we do not believe, as the Soviets do, that conflict and struggle are inevitable.

B. At the same time, we have believed that if Soviet revolutionary expansionism can be contained long enough, it might stimulate change in Soviet attitudes.

C. This is our own strategy for the long haul.

1. It has won the support of numerous allies.

2. It shows signs of gradually leading some of the East European regimes to wonder whether conflict with "imperialism"--American style--is as inevitable as the Kremlin says.

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3. It may help to strengthen those forces inside the Soviet Union which could in time exert pressure to change the character of the regime.

VII. It is, however, a complicated policy, with the added vulnerability that waiting for the pay-off will probably be a long and painful process.

A. As a result, it will continue to be under attack from two directions.

B. First, whenever the alternating ebb and flow of Communist tactics produces a new report that the Cold War is dead, there will be some reaction throughout the Free World that it is time to dismantle our military, economic, and political defenses of the Cold War.

C. And second, because the long-range policy is a complicated one, difficult to understand and delicate to implement, there will always be those who insist that there must be simple answers in black or white: total war or total peace, the good guys and the bad guys, either on our side or against us.

D. The Soviets, in the course of a generation, have developed the waging of Cold War into a fine art. We need to bear in mind that they will do their utmost to see to it that there are no simple answers.

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